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Docket No.

00-068

Application No.

09/714,574

Filing Date

November 16, 2000

Examiner

GRAVINI, Stephen M.

Customer No.

Group Art Unit

3622

Invention:

METHOD OF OUTPUTTING OFFERS AT A VENDING MACHINE

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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BOARD OF PATENT APPEALS AND INTERFERENCES

APPEAL BRIEF

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GROUP 3600

Appellants:

Daniel E. Tedesco, John M. Packes Jr.,

Magdalena M. Fincham

Application No.: 09/714,574

Filed: November 16, 2000

For: METHOD OF OUTPUTTING
OFFERS AT A VENDING
MACHINE

)
) Group Art Unit: 3622
)
) Examiner: S. Gravini
)
)
) Attorney Docket No. 00-068
)
) Customer No. 22927
)
)

Appellants appeal to the Board of Patent Appeals and Interferences from the decision of the Examiner in the Office Action mailed March 15, 2004, rejecting claims 1 - 28.



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REAL PARTY IN INTEREST

The present application is assigned to Walker Digital, LLC, 1177 High Ridge Road, Stamford, CT 06905.

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RELATED APPEALS AND INTERFERENCES

GROUP 3600

Appellants are not aware of any appeals which might be considered to directly affect, be directly affected by or have a bearing on the Board's decision in the pending appeal.

STATUS OF CLAIMS

Claims 1 - 28 are pending in the present application and are being appealed.

Claims **1 - 22 and 28** stand rejected under 35 U.S.C. § 101 as being directed to nonstatutory subject matter.

Claims **1 - 12** stand rejected under 35 U.S.C. § 102(b) as anticipated by Sedam (U.S. Patent No. 4,412,292).

Claims **13 - 16** stand rejected under 35 U.S.C. § 102(b) as anticipated by Groover (U.S. Patent No. 4,717,043).

Claims **17 - 22** stand rejected under 35 U.S.C. § 102(b) as anticipated by Cragun (U.S. Patent No. 5,504,675).

Claims **23 - 26** stand rejected under 35 U.S.C. § 102(b) as anticipated by Helbing (U.S. Patent No. 5,546,303).

Claim **27** stands rejected under 35 U.S.C. § 102(b) as anticipated by Molbak (U.S. Patent No. 5,620,079).

Claim **28** stand rejected under 35 U.S.C. § 102(e) as anticipated by Terranova (U.S. Patent No. 6,098,879).

Claims **1 - 28** stand rejected under 35 U.S.C. § 103(a) as obvious in light of an Examiner's Declaration which purports to describe various personal experiences of the Examiner.

Claims **1 - 28** stand rejected for obvious-type double patenting in light of all claims of Tedesco '346 (U.S. Patent No. 5,988,346).

Claims **1 - 28** stand rejected for obvious-type double patenting in light of all claims of Tedesco '649 (U.S. Patent No. 6,317,649).

Claims **1 - 28** stand rejected for obvious-type double patenting in light of all claims of Walker (U.S. Patent No. 6,324,520).

STATUS OF AMENDMENTS

No amendments were filed subsequent to final rejection.

SUMMARY OF INVENTION

Generally, according to one aspect of the invention, a method of operating a vending machine includes receiving a request for a transaction from a customer at the vending machine. A condition at a retail establishment is identified (e.g., whether a particular product is in stock at the retail establishment). Based on the identified condition, an offer is output to the customer. The outputted offer may be a coupon to be redeemed at the retail establishment, and the condition identified at the retail establishment may be the frequency of sales transactions at the retail establishment. [Present Application, page 2, lines 11 - 17]

ISSUES

Whether claims **1 - 22 and 28** are directed to nonstatutory subject matter.

Whether claims **1 - 12** are anticipated by Sedam.

Whether claims **13 - 16** are anticipated by Groover.

Whether claims **17 - 22** are anticipated by Cragun.

Whether claims **23 - 26** are anticipated by Helbing.

Whether claim **27** is anticipated by Molbak.

Whether claim **28** is anticipated by Terranova.

Whether claims **1 - 28** are obvious in light of the Examiner's Declaration.

Whether claims **1 - 28** are unpatentable for obvious-type double patenting in light of all claims of Tedesco '346.

Whether claims **1 - 28** are unpatentable for obvious-type double patenting in light of all claims of Tedesco '649.

Whether claims **1 - 28** are unpatentable for obvious-type double patenting in light of all claims of Walker.

GROUPING OF CLAIMS

The claims in different groups do not stand and fall together.

Appellants group the pending claims as follows:

Group I - claims **1, 8 - 12, 28**

Group II - claim **2**

Group III - claim **3**

Group IV - claims **4 - 7**

Group V - claims **13 - 16**

Group VI - claims **17 - 22**

Group VII - claims **23 - 26**

Group VIII - claim **27**

Appellants believe that claims in different groups are separately patentable, as explained below.

ARGUMENT

Summary of Argument

The rejections are erroneous for several reasons.

- The rejections under 35 U.S.C. § 101 are based on improper legal standards.
- The rejections for anticipation are literally single-sentence conclusory statements that the claims are anticipated by references cited by Appellants' IDS.
- The rejections for obviousness constitute a "kitchen sink" collection of unsupported allegations and ignored claim limitations.
- The rejections for double patenting are based on improper legal standards and ignore claim limitations.

Accordingly, the rejections are inappropriate and Appellants respectfully request that the rejections be reversed.

Form of this Appeal Brief

In the arguments herein, limitations of the claims are indicated in *italics*, and the references of record are indicated by underlining.

In separate arguments of patentability of different Groups, Appellants have, where possible, referred to prior arguments to avoid undue repetition.

In the arguments below, Appellants refer to:

the "First Office Action" (Office Action mailed July 18, 2003, paper no. 4)

Appellants' Response (Amendment and Response mailed January 5, 2004);

the "Final Office Action" (Office Action mailed March 15, 2004, paper no.

8).

1. Group I

Group I includes:

independent claim 1

1.1. Advantages of the Claim Limitations

The embodiments of the claims of this Group provides several advantages not even recognized, much less disclosed or suggested, by the prior art of record, either alone or in combination. These advantages render the claimed subject matter nonobvious over the cited art.

Because the claimed method includes *based on an identified condition [at a retail establishment], outputting an offer to the customer in response to the received request*, an offer which is appealingly related to a retail establishment may be output. For example, upon an identified condition (e.g., not many people in line) at the retail establishment, an offer may direct the customer to the retail establishment (e.g., where she receives a discount on a product).

A great many more advantageous and diverse uses of the claimed invention, both explicit and implicit in the present Application, are possible and would be apparent to those of skill in the art based on the Appellants' disclosure.

1.2. Applicable Law of Prima Facie Burden and Substantial Evidence

Prima Facie Burden

If examination at the initial stage does not produce a prima facie case of unpatentability, then without more the applicant is entitled to grant of the patent. In re Oetiker, 977 F.2d 1443, 1445 (Fed. Cir. 1992).

During examination, claims are given their broadest reasonable interpretation consistent with the specification. In re Hyatt, 211 F.3d 1367 (Fed. Cir. 2000). The “PTO applies to verbiage of the proposed claims the broadest reasonable meaning of the words in their ordinary usage as they would be understood by one of ordinary skill in the art, taking into account whatever enlightenment by way of definitions or otherwise that may be afforded by the written description contained in applicant’s specification.” In re Morris, 127 F.3d 1048, 1054-55 (Fed. Cir. 1997).

Substantial Evidence is Required of All Factual Findings

All findings of fact by the U.S. Patent and Trademark Office must be supported by substantial evidence within the record. In re Gartside, 203 F.3d 1305, 1315, 53 USPQ2d 1769, 1775 (Fed. Cir. 2000).

The Supreme Court has described "substantial evidence" in the following manner:

“substantial evidence is more than a mere scintilla. It means such relevant evidence as a reasonable mind might accept as adequate to support a conclusion. . . . Mere uncorroborated hearsay or rumor does not constitute substantial evidence.”

Consolidated Edison Co. v. NLRB, 305 U.S. 197, 229, 83 L. Ed. 126, 59 S. Ct. 206 (1938); See also, Dickinson v. Zurko, 527 U.S. 150, 162, 50 U.S.P.Q.2D 1930, 144 L. Ed. 2d 143, 119 S. Ct. 1816 (1999) ("Zurko III").

Similarly “review under this standard involves an examination of the record as a whole, taking into consideration evidence that both justifies and detracts from the agency's decision.” Universal Camera Corp. v. NLRB, 340 U.S. 474, 487-88, 95 L. Ed. 456, 71 S. Ct. 456 (1951); Zurko III, 527 U.S. at 162. "[D]eficiencies of the cited references cannot be remedied by the Board's general conclusions about

GROUP I

what is 'basic knowledge' or 'common sense.'" In re Zurko, 258 F.3d 1379, 1385, 59 USPQ2d 1693, 1697 (Fed. Cir. 2001); In re Lee, 277 F.3d 1338, 1344, 61 USPQ2d 1430, 1434 (Fed. Cir. 2002).

"[D]eficiencies of the cited references cannot be remedied by the Board's general conclusions about what is 'basic knowledge' or 'common sense.'" In re Zurko, 258 F.3d 1379, 1385, 59 USPQ2d 1693, 1697 (Fed. Cir. 2001); In re Lee, 277 F.3d 1338, 1344, 61 USPQ2d 1430, 1434 (Fed. Cir. 2002).

1.3. The Claims Recite Statutory Subject Matter

The proper legal standard for statutory subject matter was not applied to the rejected claims. Accordingly, the Examiner has not presented a *prima facie* case that any claim is nonstatutory. In fact, applying the proper legal standard demonstrates that all claims are directed to statutory subject matter.

1.3.1. The Basis for the Rejection

As best as Appellants understands the rejection of the claims for being directed to non-statutory subject matter, the basis for that rejection is that:

A. "the recitation of receiving, detecting, identifying, determining, and / or offering is considered not to produce a concrete result because a result cannot be assured or is not reproducible within the technological arts."
(Final Office Action, page 5)

B. "under *In re Wamerdam* [sic]... the receiving, detecting, identifying, determining, and / or offering are considered intangible because those steps are simply an abstract construct, such as a disembodied data structure and a method of making it." (Final Office Action, page 5)

GROUP I

C. "Because the independently claimed invention does not recite a useful, concrete and tangible result, such that it is considered not within technological arts so that it uses technology in a non-trivial matter [sic manner]." (Final Office Action, page 5) (grammatical error in original)

D. "the steps of receiving, detecting, identifying, determining, and / or offering are considered nothing more than an abstract idea since it is [sic they are] not tied to any technological art." (Final Office Action, page 6)

As described below, none of these standards relied on by the Examiner is a correct standard for determining whether a claim is statutory. To the extent the rejection applies any standard that requires additional criteria or otherwise departs from the requisite legal analysis under 35 U.S.C. § 101, the rejection is flawed.

1.3.2. The Proper Legal Test for Statutory Subject Matter

Whether a patent claim is directed to statutory subject matter under 35 U.S.C. § 101 is a question of law. AT&T v Excel Telecommunications, 172 F.3d 1352, 1355, 50 U.S.P.Q.2D 1447 (Fed. Cir. 1999). The legal test for the presence of statutory subject matter is only that a claimed process or apparatus produce a "useful, concrete and tangible result". See, e.g., State Street Bank & Trust Co. v. Signature Fin. Group, Inc., 149 F.3d 1368, 1375, 47 U.S.P.Q.2D 1596 (Fed. Cir. 1998), cert. denied, 525 U.S. 1093, 142 L. Ed. 2d 704, 119 S. Ct. 851 (1999) ("For purpose of our analysis, as noted above, claim 1 is directed to a machine programmed with the Hub and Spoke software and admittedly produces a 'useful, concrete, and tangible result.' ... This renders it statutory subject matter, even if the

GROUP I

useful result is expressed in numbers, such as price, profit, percentage, cost, or loss."); AT&T v Excel Telecommunications, 172 F.3d at 1361, ("the focus is understood to be not on whether there is a mathematical algorithm at work, but on whether the algorithm-containing invention, as a whole, produces a tangible, useful, result."); See also, State Street Bank at 1373) ("In Alappat, we held that data, transformed by a machine through a series of mathematical calculations to produce a smooth waveform display on a rasterizer monitor, constituted a practical application of an abstract idea ... because it produced 'a useful, concrete and tangible result'--the smooth waveform); See also, State Street Bank at 1373) ("in Arrhythmia Research Technology Inc. ... , we held that the transformation of electrocardiograph signals from a patient's heartbeat by a machine through a series of mathematical calculations constituted a practical application of an abstract idea ... because it corresponded to a useful, concrete or tangible thing--the condition of a patient's heart").

While other criteria, if satisfied, may be useful in indicating the presence of a "useful, concrete and tangible result" (and therefore indicate that a claim is statutory), the absence of such criteria does not preclude a finding of statutory subject matter. Such other criteria are not requirements, but merely some of several ways that can demonstrate that an invention produces a useful, concrete and tangible result.

For example, a physical transformation by a claimed process is one example (but not a requirement) of how a mathematical algorithm may bring about a useful application. AT & T Corp., 172 F.3d at 1357, 50 USPQ2d at 1452 . See also, Diamond v. Diehr, 450 U.S. 175, 192 (1981) (the "e.g." signal denotes that physical transformation is an example, not an exclusive requirement for satisfying § 101); Arrhythmia Research Tech. v. Corazonix Corp., 958 F.2d 1053, 1060, 22 U.S.P.Q.2D (BNA) 1033 (Fed. Cir. 1992) (the transformation simply confirmed

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that Arrhythmia's method claims satisfied § 101 because the method produced a number which had specific meaning - a useful, concrete, tangible result - not a mathematical abstraction).

Likewise, physical limitations are perhaps helpful, but are not necessary to render a claim statutory. AT&T at 1359 , ("Whatever may be left of the earlier test, if anything, this type of physical limitations analysis seems of little value ...")

Certain features are not helpful to the proper analysis, and have no bearing on the presence of statutory subject matter. For example, whether a result of a claim is expressed in numbers makes no difference. State Street Bank, 149 F.3d at 1374, 47 USPQ2d at 1602 ("[E]ven if the useful result is expressed in numbers, such as price, profit, percentage, cost or loss", the invention that produces that result is statutory); Arrhythmia Research Tech. Inc. v. Corazonix Corp., 958 F.2d 1053, 1060, 22 U.S.P.Q.2D 1033, 1039 (Fed. Cir. 1992) ("That the product is numerical is not a criterion of whether the claim is directed to statutory subject matter."). When a mathematical algorithm included within a claimed process is "applied to produce a number which had specific meaning - a useful, concrete, tangible result - not a mathematical abstraction", that process claim satisfies § 101. AT & T, 172 F.3d at 1357, 50 USPQ2d at 1452, citing Arrhythmia Research Tech. v. Corazonix Corp., 958 F.2d 1053, 1060, 22 USPQ2d 1033, 1039 (Fed. Cir. 1992) .

Under the proper standard, claims have been found statutory because they produced useful results such as "a final share price", State Street Bank, 149 F.3d at 1373, 47 USPQ2d at 1601, a "value of a PIC indicator" which represents "information about the call recipient's PIC", AT&T, 172 F.3d at 1357, 50 USPQ2d at 1452; and a condition of a patient's heart, Arrhythmia Research Tech. v. Corazonix Corp., 958 F.2d 1053..

The threshold for utility is not high – an invention is “useful” under 35 U.S.C. § 101 if it is capable of providing some identifiable benefit.

1.3.3. The Claims Meet the Standard for Statutory Subject Matter

All Rejected Claims Produce a Useful, Concrete and Tangible Result

The pending claims (including the method claims rejected as nonstatutory) produce a useful, concrete and tangible result. A claim which produces a useful, concrete and tangible result unequivocally falls outside the realm of "abstract idea", and is statutory.

The Examiner has alleged otherwise, but has not provided any factual support. Final Office Action, page 5. It appears that the Examiner has based this conclusion solely on the failure to meet the above four (improper) legal standards described in Section 1.3.1 above, page 8, and Section 1.3.4 below, page 14.

All claims that were rejected as nonstatutory (independent method claims 1, 13, 17 and 28, and their respective dependent claims) produce a useful, concrete and tangible result, by:

outputting an offer

As explained in detail in the Present Application, such an *offer* results in a useful, concrete and tangible result – something which provides incentives to a customer (e.g., an incentive to purchase something).

Such *offers* or *exchanges* are not abstract, disembodied numbers, but instead have a specific meaning and as such they each correspond to a useful, concrete or tangible result - something which can motivate people to make purchases. The

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invention claimed can by no stretch of the imagination be classified as “abstract ideas”. Thus, the claims are properly-defined statutory processes.

It is also worth noting that the requirement for a “useful invention” is to be evaluated for the invention, and is not dependent on the breadth of the claims. Thus, if one species of an invention claimed as a genus is found to be “useful”, utility for the genus is established. Raytheon Co. v. Roper Corp., 724 F.2d 951, 958, 220 USPQ 592, 598 (Fed. Cir. 1983), cert. denied, 469 U.S. 835 (1984) (“When a properly claimed invention meets at least one stated objective, utility under § 101 is clearly shown.”). Utility is to be evaluated in a simple “yes” or “no” fashion (i.e., does the invention as claimed possess or not possess utility). There is no subjective test for “utility” that must be deemed to be commensurate with the breadth of the claims being sought to be patented.

Moreover, the scope of the claims as presented encompass a variety of specific implementations of the claimed processes. Certain of these embodiments implicate the use of computers in the processes. These “computer-based” species clearly fall within the broader generic definition of the claimed processes. Given that utility for a genus may be established through a recitation of utility of a species within that genus, a rejection that the generically claimed processes lack utility is clearly improper.

All Claims Also Result in Physical Transformation

Although not required for purposes of 35 U.S.C. § 101, the present claims result in a physical transformation. Such a physical transformation further renders the present claims statutory.

It is not required that a claim result in a physical transformation. See, e.g., AT & T, 172 F.3d at 1357, 50 USPQ2d at 1452. See also, Diehr, 450 U.S. at 192) (the “e.g.” signal denotes that physical transformation is an example, not an

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exclusive requirement for satisfying § 101); Arrhythmia Research Tech., 958 F.2d at 1060, 22 USPQ2d at 1039 (the transformation simply confirmed that Arrhythmia's method claims satisfied § 101 because the method produced a number which had specific meaning - a useful, concrete, tangible result - not a mathematical abstraction).

All claims that were rejected as nonstatutory (independent method claims 1, 13, 17 and 28, and their respective dependent claims) result in a physical transformation - namely:

outputting an offer

It is impossible to output anything that can be considered "an offer" without physically transforming something, such as (i) the air (by creating sound), (ii) a physical thing that produces sound (by creating sound), (iii) a display device (by creating images on the display), (iv) a printer (by creating text on a substrate).

Moreover, since an "offer" is something which must be in some way communicated to someone or something, the very act of any communication causes a physical transformation in whatever medium is used to produce the communication.

In addition, claims 17 - 22 recite that a *trigger signal is transmitted to the vending machine*. Clearly this is another physical transformation.

1.3.4. The Examiner Applied Tests Which Are Contrary to Law

As described above in Section 1.3.1, page 8, the Examiner applied four incorrect standards in order to assess whether the claims recite statutory subject matter:

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- A. "the recitation of receiving, detecting, identifying, determining, and / or offering is considered not to produce a concrete result because a result cannot be assured or is not reproducible within the technological arts."
(Final Office Action, page 5)
- B. "under *In re Wamerdam* [sic]... the receiving, detecting, identifying, determining, and / or offering are considered intangible because those steps are simply an abstract construct, such as a disembodied data structure and a method of making it." (Final Office Action, page 5)
- C. "Because the independently claimed invention does not recite a useful, concrete and tangible result, such that it is considered not within technological arts so that it uses technology in a non-trivial matter [sic manner]." (Final Office Action, page 5) (grammatical error in original)
- D. "the steps of receiving, detecting, identifying, determining, and / or offering are considered nothing more than an abstract idea since it is [sic they are] not tied to any technological art." (Final Office Action, page 6)

Each of these incorrect standards is addressed separately below. In general each standard is merely a conclusory statement without elaboration or factual assertions, much less any factual findings supporting the assertion.

Test (a) - result cannot be assured / not reproducible within the technological arts

There is absolutely no authority for this proposition, and the Examiner cites none. There is no indication of what is meant by the "technological arts" and there

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is no indication of what precisely is "reproducible within the technological arts". There is also no case law, regulation or interpretation thereof which in any way clarifies what is meant by the "technological arts" or "reproducible within the technological arts". Accordingly, such a standard is improper as both unsupported by case law and also an arbitrary change in USPTO policy without notice.

Appellants assume that "not assured" and "not reproducible" are used synonymously. However, since no authority exists for either proposition this is unclear.

More importantly, there are no factual findings whatsoever that, for the claims, a "result cannot be assured". There are no factual assertions regarding what portions of the claimed methods cannot be "reproduced" or "assured", or what portions might lead to a result which "cannot be reproduced" or "is not assured". There are no factual assertions regarding what the Examiner considers to be a "result" of the pending claims.

Nevertheless, it is quite clear that, for every pending claim, a "result" of that claim can be assured and is easily reproducible by one of ordinary skill in the art.

Independent claim 1 includes

based on the identified condition, outputting an offer to the customer in response to the received request.

The present application describe in abundant detail how such *offers* are output. They are in no way "not assured" or unable to be "reproduced".

In fact, this basis for deeming the claims nonstatutory seems to be an assertion that the claims somehow lack enablement. Nevertheless, the claims are clearly enabled.

The Examiner had previously rejected all claims as not enabled. See, First Office Action, pages 5 - 6.

Appellants traversed this rejection and presented arguments in support thereof. Appellants' Response, Page 4. Appellants also referred the Examiner to sections MPEP 2164.02 and MPEP 2164.04 for a description of proper standards of enablement. Appellants' Response, Page 4.

Then, in the Final Office Action the rejection for lack of enablement was withdrawn, and no claim was rejected as lacking enablement. See, Final Office Action (no enablement rejection stated). Thus, the rejection for lack of enablement was overcome.

Test (b) - a disembodied data structure and a method of making it

The Examiner offers a conclusory statement, without elaboration or factual assertions, that:

"under *In re Wamerdam* [sic]... the receiving, detecting, identifying, determining, and / or offering are considered intangible because those steps are simply an abstract construct, such as a disembodied data structure and a method of making it." (Final Office Action, page 5)

There are no factual assertions regarding why these steps are deemed "abstract constructs". There is also no explanation of what exactly is an "intangible" step which can be an "abstract construct".

Contrary to the examiner's assertions, the pending claims are directed neither to a disembodied data structure, nor to a method of making a disembodied data structure. Accordingly, this standard, even if proper, is inapplicable to the pending claims.

Test (c) - a useful, concrete and tangible result is recited

The Examiner offers a conclusory statement, without elaboration or factual assertions, that:

"Because the independently claimed invention does not recite a useful, concrete and tangible result, such that it is considered not within technological arts so that it uses technology in a non-trivial matter [sic manner]." (Final Office Action, page 5) (grammatical error in original)

Due to the grammatical error, the exact standard asserted here is not clear. The Examiner's statement might be interpreted as either

"Because the independently claimed invention does not recite a useful, concrete and tangible result, it is considered not within technological arts so that it uses technology in a non-trivial matter" (i.e. a statement that the independent claim does not recite a useful, concrete and tangible result)

or

"Because the independently claimed invention does not recite a useful, concrete and tangible result, such that it is within technological arts so that it uses technology in a non-trivial matter, it is not statutory." (i.e. a statement that the independent claim does not recite a useful, concrete and tangible result, and also is not within the technological arts and also does not use technology in a non-trivial matter)

There is no factual basis in the record for the conclusion that the claims do not recite a "useful, concrete and tangible result".

More importantly, a claim is not required to *recite* a useful, concrete and tangible result. Rather, a claim must *produce* a useful, concrete and tangible result. For example, in Arrhythmia Research Tech. v. Corazonix Corp., the result (a comparison of a value of a filter's output with a predetermined level) was useful because it helped determine a "condition of a patient's heart". State Street Bank v. Signature Financial, 149 F.3d at 1373, 47 USPQ2d at 1601. However, no subsequent "use" of this comparison was recited in the claim.

In fact, all of the pending claims do produce a useful, concrete and tangible result. For example, in all rejected claims a useful, concrete and tangible result is that *an offer is output to a customer*. This is a "real world value, as opposed to subject matter that represents nothing more than an idea or concept, or is simply a starting point for future investigation or research". MPEP 2106(II)(A).

Furthermore, in claims 1 - 16 a request for a transaction is received from a customer at the vending machine, in claims 17 - 22 a trigger signal is transmitted to the vending machine, and in claim 28 a customer in proximity to the vending machine is detected. All of these results have clear usefulness, concreteness and tangibility, as described in the present specification.

In summary, all claims clearly do produce a useful, concrete and tangible result, and thus no further inquiry is needed to determine that the claims are statutory.

Test (d) - steps not tied to any technological art

The Examiner offers a conclusory statement, without elaboration or factual assertions, that:

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"the steps of receiving, detecting, identifying, determining, and / or offering are considered nothing more than an abstract idea since it is [sic they are] not tied to any technological art." (Final Office Action, page 6)

There is no basis for concluding that the steps are "an abstract idea". In fact, since as discussed above all pending claims produce a useful, concrete and tangible result, that fact alone demonstrates that the claims are not directed to an "abstract idea".

Nevertheless, as Appellants understand the term "technological art", the present claims are tied to the technological art of operating a vending machine.

Previous Rationale for a Section 101 Rejection Was Not Maintained

The Examiner previously asserted that all method claims were nonstatutory because:

- A. The claim "can be performed without interaction of a physical structure"
- B. Certain steps do not "require structural interaction or mechanical intervention"
- C. Certain steps "can be performed without a physical structure or mechanical object"
- D. The claim "can be completely performed by a human"

First Office Action, pages 4 - 5.

Appellants traversed this rejection and presented arguments that the purported standard (process not performable by a human) was contrary to law. Appellants' Response, pages 2 - 4. Appellants also requested that the Examiner clarify whether this standard was believed to be in accordance with some section

of the MPEP, or instead whether this standard was a policy of the U.S. Patent and Trademark Office not present in the MPEP. Appellants' Response, page 3.

In the Final Office Action, the new bases for the Section 101 rejection were provided, as discussed above. The former standard (process not performable by a human) was not presented. Final Office Action (nowhere repeating the former standard). Thus, the former standard was withdrawn as a basis for rejection, and any revival or variation of that standard at this point would constitute a new grounds of rejection.

For all of the above reasons, the proper legal standard for statutory subject matter was not applied to the rejected claims, which are all directed to statutory subject matter. Thus the Examiner has not provided a *prima facie* case that the claims are nonstatutory.

1.4. No Prima Facie Showing of Anticipation

Applicable Law

"A claim is anticipated only if each and every element as set forth in the claim is found, either expressly or inherently described, in a single prior art reference." Verdegaal Bros. v. Union Oil Co. of California, 814 F.2d 628, 631 (Fed. Cir. 1987).

All Anticipation Rejections Are Improper

Each of the anticipation rejections consists of one conclusory sentence stating that the reference anticipates the claim(s). Final Office Action, page 6.

Each of the six references used in the anticipation rejections was cited by Appellants in the Appellants' Information Disclosure Statement (IDS) mailed November 16, 2000.

In the First Office Action, the Examiner had previously asserted (in the same conclusory manner in a single sentence) that 14 of the 17 U.S. Patent references cited by Appellants in Appellants' IDS anticipated every claim.

There is no information anywhere in the record that permits Appellants to determine:

- the Examiner's interpretation of any claim, or any claim terms, under the broadest reasonable interpretation,
- whether the Examiner has inadvertently ignored certain claim limitations
- what portions of any reference the Examiner believes to explicitly disclose what portions of which claim
- what portions of any reference the Examiner believes to inherently disclose what portions of which claim
- whether the portions of any reference used to reject a claim were enabled

Thus, Applicants cannot understand the Examiner's position. Applicants are therefore unable to appropriately respond how the claims distinguish over the Examiner's interpretation of the reference.

Nevertheless, as argued below, none of the asserted references anticipates or renders obvious any claim.

In addition, the terse anticipation rejections are not only devoid of any factual basis, they violate of 35 U.S.C. § 132(a), which requires:

"Whenever, on examination, any claim for a patent is rejected, or any objection or requirement made, the Director shall notify the applicant thereof, stating the reasons for such rejection, or objection or requirement, together with such information and references as may be useful in judging of the propriety of continuing the prosecution of his application"

The anticipation rejections contain only the claim numbers and the references, but no information "useful in judging of the propriety of continuing the prosecution of his application", such as, e.g., the Examiner's interpretation of any claim, or any claim terms, under the broadest reasonable interpretation.

1.4.1. Sedam Does Not Anticipate the Claims

The entirety of the anticipation rejection over Sedam is one sentence:

"Claims 1-12 are rejected under 35 U.S.C. 102(b) as being clearly anticipated by Sedam et al. (US 4,412,292)."

Final Office Action, page 6.

Simply put, Sedam neither anticipates nor renders obvious the claims. For example, as understood by Appellants, Sedam lacks any hint or suggestion of

identifying a condition at a retail establishment

As understood by Appellants, Sedam has nothing to do with a *condition at a retail establishment*.

Sedam also lacks any hint or suggestion of

outputting an offer to the customer in response to the received request

much less

based on the identified condition, outputting an offer to the customer in response to the received request

As understood by Appellants, Sedam has nothing to do with any *offer*.

1.5. The Examiner's Declaration, Even If True, Does Not Render the Claims Obvious

All claims stand rejected under 35 U.S.C. § 103(a) as being unpatentable over "an obvious variation of examiner's personal experience" in combination with subject matter unsupported by the record. Final Office Action, pages 7 - 11. Applicants traverse this rejection.

A reading of the rejection reveals that the Examiner has consistently ignored or misinterpreted the limitations of the claims. Several limitations are not disclosed or suggested by any evidence of record. Accordingly, the Examiner has not presented a *prima facie* case of obviousness of any claim.

Moreover, the Examiner's Declaration, which is the foundation of the obviousness rejection, is a miscellaneous collection of ambiguous statements and confusing inferences. To the best of Appellants' understanding, the Examiner's Declaration alleges little more than the Examiner has purchased soft drinks from a conventional Coca-Cola™ machine.

1.5.1. Applicable Law of Obviousness

The Examiner bears the burden of establishing a *prima facie* case of obviousness based upon the prior art. In re Fritch, 972 F.2d 1260, 1265 (Fed. Cir.

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1992). To reject claims in an application under section 103, an examiner must show an unrebutted *prima facie* case of obviousness. In re Rouffet, 149 F.3d 1350, 1355 (Fed. Cir. 1998). If examination at the initial stage does not produce a *prima facie* case of unpatentability, then without more the applicant is entitled to grant of the patent. In re Oetiker, 977 F.2d 1443, 1445 (Fed. Cir. 1992).

The factual predicates underlying an obviousness determination include the scope and content of the prior art, the differences between the prior art and the claimed invention, and the level of ordinary skill in the art. In re Rouffet, 149 F.3d 1350, 1355 (Fed. Cir. 1998). The secondary considerations are also essential components of the obviousness determination. In re Rouffet, 149 F.3d 1350, 1355 (Fed. Cir. 1998).

When a rejection is based on a combination of references, the Examiner can satisfy the *prima facie* burden only by showing some objective teaching leading to the purported combination of references. In re Fritch, 972 F.2d 1260, 1265 (Fed. Cir. 1992). Lacking a motivation to combine references, there is no *prima facie* case of obviousness. In re Rouffet, 149 F.3d 1350, 1358 (Fed. Cir. 1998).

All findings of fact by the U.S. Patent and Trademark Office must be supported by substantial evidence within the record. In re Gartside, 203 F.3d 1305, 1315, 53 USPQ2d 1769, 1775 (Fed. Cir. 2000). The Supreme Court has described "substantial evidence" in the following manner:

"substantial evidence is more than a mere scintilla. It means such relevant evidence as a reasonable mind might accept as adequate to support a conclusion. . . . Mere uncorroborated hearsay or rumor does not constitute substantial evidence."

Consolidated Edison Co. v. NLRB, 305 U.S. 197, 229, 83 L. Ed. 126, 59 S. Ct. 206 (1938); See also, Dickinson v. Zurko, 527 U.S. 150, 162, 50 U.S.P.Q.2D 1930, 144 L. Ed. 2d 143, 119 S. Ct. 1816 (1999) ("Zurko III").

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Similarly “review under this standard involves an examination of the record as a whole, taking into consideration evidence that both justifies and detracts from the agency's decision.” Universal Camera Corp. v. NLRB, 340 U.S. 474, 487-88, 95 L. Ed. 456, 71 S. Ct. 456 (1951); Zurko III, 527 U.S. at 162. “[D]eficiencies of the cited references cannot be remedied by the Board's general conclusions about what is 'basic knowledge' or 'common sense.'” In re Zurko, 258 F.3d 1379, 1385, 59 USPQ2d 1693, 1697 (Fed. Cir. 2001); In re Lee, 277 F.3d 1338, 1344, 61 USPQ2d 1430, 1434 (Fed. Cir. 2002).

Finally, during examination, claims are given their broadest reasonable interpretation consistent with the specification. In re Hyatt, 211 F.3d 1367 (Fed. Cir. 2000). The “PTO applies to verbiage of the proposed claims the broadest reasonable meaning of the words in their ordinary usage as they would be understood by one of ordinary skill in the art, taking into account whatever enlightenment by way of definitions or otherwise that may be afforded by the written description contained in applicant’s specification.” In re Morris, 127 F.3d 1048, 1054-55 (Fed. Cir. 1997).

1.5.2. The Assertions of the Examiner's Personal Experience

As best as Appellants can interpret the Examiner's Declaration, the following are the only assertions of what the Examiner actually personally experienced:

- "coinage insertion into a soft drink dispensing machine associated with a promoter of Cocoa-Cola [sic]" (Examiner's Declaration, page 18)

- "the soft drink dispenser responding to the examiner proper insertion of coinage in the proximity of the machine by displaying a signal or dispensing a soft drink" (Examiner's Declaration, page 18)
- "the soft drink dispensing machine operating as intended if a retail establishment has electrical power supplied to the machine for cooling and coinage-soft drink transactional exchange" (Examiner's Declaration, pages 18 - 19)
- "either the soft drink purchaser or an examiner machine refiller communicating transactionally with the soft drink machine" (Examiner's Declaration, page 19)
- "old and well known steps use by the examiner in dealing with soft drink machine purchases and machine refilling" (Examiner's Declaration, page 19)

In summary, these appear to be allegations which collectively allege little more than the Examiner has purchased soft drinks from a conventional Coca-Cola™ machine.

1.5.3. No showing that the references suggest *based on the identified condition, outputting an offer to the customer in response to the received request*

Even if true, the Examiner's Declaration provides no suggestion of the following claim limitation:

based on the identified condition, outputting an offer to the customer in response to the received request

As best as Appellants understand the Examiner's rejection, the Examiner considers this limitation to be disclosed by:

"the soft drink dispensing machine operating as intended if a retail establishment has electrical power supplied to the machine for cooling and coinage-soft drink transactional exchange" (Examiner's Declaration, pages 18 - 19)

However, even if the Examiner interprets the supplying of electrical power to be an identified condition at a retail establishment, there is still no offer output to the customer in response to the received request [for a transaction from a customer].

According to the Examiner Declaration, no offer is provided, much less an offer that is *based on an identified condition at a retail establishment*.

The Examiner Admits Ignoring Claim Limitations

Many of the claimed limitation are improperly ignored as being "non functional descriptive material". For at least this reason the rejection is improper.

The "non functional descriptive material" exception only applies when the differences between an invention and the prior art cited against it reside in the content of the printed matter. The printed matter exception is inapplicable to the pending claims. The limitations in question are not printed matter, and / or differences between the invention and the prior art lie in limitations of the claims other than any printed matter.

Similarly, the Examiner asserts that limitations are ignored because "the subjective interpretation of the data does not patentably distinguish the claimed invention". Final Office Action, page 15. This proposition has no foundation in the law, and there is no basis for ignoring any of the present claim limitations. For at least this reason the rejection is improper.

In re Venner is misread

No applicable case law, including the decision in In re Venner relied on by the Examiner, holds that "automation does not impart patentability" (Final Office Action, page 16) or that "automatic or mechanical means to replace a manual activity which accomplished the same result is not sufficient to distinguish over the prior art" (Final Office Action, page 15). There is no such per se rule which precludes patentability of automated activities. The test is whether the invention would have been obvious to one of ordinary skill in the art at the time the invention was made based on available analogous art.

1.5.4. The Examiner's Declaration Is Not Substantial Evidence

The obviousness rejection is improper for lack of substantial evidence. The entirety of the obviousness rejection is based on a combination of (i) the assertions of the Examiner's Declaration, and (ii) undocumented subject matter. There is no evidence in the record that the claims would have been obvious to one of ordinary skill in the art.

The only reference is a declaration of the Examiner's personal experience. When an examiner attempts to base a rejection on facts within his or her personal knowledge, that reference must be supported by an affidavit. See 37 C.F.R. § 104(d)(2):

"When a rejection in an application is based on facts within the personal knowledge of an employee of the Office, the data shall be as specific as possible, and the reference must be supported, when called for by the applicant, by the affidavit of such employee, and such affidavit shall be subject to contradiction or explanation by the affidavits of the applicant and other persons."

The Examiner Has Not Submitted An Affidavit, As Is Required

An "affidavit" must be (i) in writing, (ii) a statement of facts, (iii) made voluntarily, (iv) confirmed by oath or affirmation of the affiant, (v) taken before a person authorized to administer such oath or affirmation. Black's Law Dictionary, Sixth Ed. (1991 West Publishing Co.)

The Examiner's Declaration (pages 17 - 21 of the Final Office Action) contains no indication of any oath taken before an authorized person (e.g., a notary public). Thus, it cannot be an affidavit.

Although the Examiner's Declaration is entitled "EXAMINER AFFIDAVIT SUPPORTING OBVIOUSNESS REJECTION", it is a declaration rather than an affidavit because (i) it is not notarized or otherwise in compliance with the requirements of an affidavit, and (ii) it includes at the end language clearly indicating that the Examiner intended to submit a declaration (i.e. the language from 37 C.F.R. § 1.68 "Declaration in lieu of oath")

The rule (37 C.F.R. § 1.68) which permits a declaration to be used in place of an oath is not applicable to an Examiner's Affidavit under 37 C.F.R. § 1.104(d)(2). Appellants, like the Examiner, had previously believed so based on conversation with other Examiners. However, the analysis below demonstrates that an affidavit, not a declaration, must be used per Rule 1.104(d)(2).

Rule 1.68 (which allows a declaration to be substituted for certain documents) applies only to a "document *to be filed* in the Patent and Trademark Office". An Examiner's affidavit used as a basis for rejection is not a document which is *filed* in the U.S. Patent and Trademark Office any more than any other reference an Examiner cites in an Office Action is *filed*. In this sense the verb "file" means to "deliver an instrument or other paper to the proper officer or official for the purpose of being kept in a file by him as a matter of record and reference in the proper place". Black's Law Dictionary, Sixth Ed. (1991 West Publishing Co.) . The rules in Title 37 of the C.F.R. also support that the U.S. Patent and Trademark Office does not *file* documents with itself. See, e.g., 37 C.F.R. § 1.8 ("filing" requires, inter alia, a certificate of mailing and deposit with the U.S. Postal Service or facsimile transmission).

On the contrary, an Examiner's affidavit used as a basis for rejection is a document which originates in and is produced by the U.S. Patent and Trademark Office without involvement of any external party. The U.S. Patent and Trademark Office cannot file a document with itself, just as a court cannot file things with itself.

More significantly, 37 C.F.R. § 1.68 clearly does not apply to an Examiner's affidavit used as a basis for rejection because the required statement that willful false statements and the like "may jeopardize the validity of the application or any patent issuing thereon." Clearly, since this threat is to the validity of the issuing patent, the rule contemplates that the declaration is filed for the benefit of the patent applicant, not by another party (e.g., trying to show that the claims are not validly patentable).

Note also that affidavits are not equivalent to declarations or oaths. See, e.g., 37 C.F.R. § 1.68 (rule allowing declarations to be filed in lieu of affidavits under certain circumstances); 37 C.F.R. § 1.55(b) (referring to affidavits or

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declarations); 37 C.F.R. § 1.130(a)(2) (referring to oaths or declarations); 1.131(b) (referring to affidavits or declarations); 37 C.F.R. § 1.132 (referring to oaths or declarations); 37 C.F.R. § 1.181(b) (referring to affidavits or declarations); 37 C.F.R. § 1.195 (referring to affidavits, declarations or exhibits); 37 C.F.R. § 1.292 (referring to affidavits or declarations); 37 C.F.R. § 1.975 (referring to affidavits, declarations or exhibits); 37 C.F.R. § 1.14(d)(4) (referring to oaths or declarations); 37 C.F.R. § 1.16(e) (referring to oaths or declarations); 37 C.F.R. § 1.17(i) (referring to oaths or declarations).

Note also that the definition of "affidavit" in 37 C.F.R. § 1.601 explicitly applies only to that subpart E (37 C.F.R. §§ 1.601 - 1.690) and not to 37 C.F.R. § 1.104(d)(2) (Examiner affidavits).

Since the Examiner's Declaration cannot be used as a basis for rejection under 37 C.F.R. § 1.104(d)(2), Appellants request that the Examiner kindly enter into the record a corresponding affidavit instead. Otherwise, the statements currently in the Declaration cannot be used as the basis for rejection.

Substantial Evidence is Required

All findings of fact by the U.S. Patent and Trademark Office must be supported by substantial evidence within the record. See, Section 1.2 above, page 7.

One's Experience Alone is not Substantial Evidence

"With respect to core factual findings in a determination of patentability, however, the Board cannot simply reach conclusions based on its own understanding or experience -- or on its assessment of what would be basic knowledge or common sense. Rather, the board must point to some concrete

evidence in the record in support of these findings.” In re Zurko, 258 F.3d 1379, 1386, 59 U.S.P.Q.2d 1693 (Fed. Cir. 2001) (“Zurko IV”)) (emphasis added).

This requirement applies even though “the Board clearly has expertise in the subject matter over which it exercises jurisdiction.” Zurko IV, 258 F.3d at 1385 - 86). This expertise may provide sufficient support for conclusions as to peripheral issues, not the core factual findings. Zurko IV, 258 F.3d at 1386). Deficiencies in cited references “cannot be remedied by the Board's general conclusions about what is ‘basic knowledge’ or ‘common sense’ ”. Zurko IV, 258 F.3d at 1385 – 86).

Thus, the Federal Circuit has held that not only is an agency member’s “own understanding or experience” not the same as “concrete evidence in the record”, the agency member’s “own understanding or experience” is not substantial evidence. Only “concrete evidence in the record” is substantial evidence. The Court could not “accept the Board's unsupported assessment of the prior art.” Zurko IV, 258 F.3d at 1386).

It is worth noting that, in Zurko IV, the Court reversed the Board's judgment for lack of substantial evidence support. Zurko IV, 258 F.3d at 1386). It was therefore not merely an instance where the Board failed to articulate and place matter on the record, warranting remand. See, e.g., In re Lee, 277 F.3d 1338, 1346, 61 USPQ2d 1430 (Fed. Cir. 2002), (in the “fine line between agency reasoning that is 'so crippled as to be unlawful' and action that is potentially lawful but insufficiently or inappropriately explained”, “in the former circumstance, the court's practice is to vacate the agency's order, while in the latter the court frequently remands for further explanation ... while withholding judgment on the lawfulness of the agency's proposed action.”)

In summary, an Examiner's or Board member's "own experience" standing alone, even if such experience is adequately explained, is not concrete evidence in the record, and is thus not substantial evidence.

Documentation or Attestation Does not Create Substantial Evidence from Insubstantial Evidence

If a rejection were based on an Examiner's affidavit, and the affidavit alleged only that the Examiner had a personal experience reading a patent / publication that fully anticipated the claimed invention, should that affidavit be considered substantial evidence of the facts alleged? In other words, should an Examiner's mere memory of reading an anticipatory reference suffice as substantial evidence which renders a claim unpatentable?

Clearly it should not. It would subvert the entire requirement for substantial evidence which is reviewable on the record.

Nevertheless, a virtually identical situation is presented here. Instead of the Examiner alleging to have experience with 35 U.S.C. § 102(b) publication art to the pending claims (e.g., having read a publication), the Examiner alleges to have experience with 35 U.S.C. § 102(b) public use art to the pending claims (e.g., having seen a public use in 1990).

Should this slightly different allegation of "witnessed" prior art be accorded substantial evidence status without corroboration? If so, why should an Examiner not also be able to allege personal experience reading an anticipatory publication or patent?

Since an Examiner's or Board member's "own experience" is not substantial evidence, it would be illogical to convert such undocumented experiences to substantial evidence merely by allowing the assertion to be affirmed under oath. Board members are already bound in their duties to follow ethical cannons that are

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at least as binding as an affirmation under oath. Therefore, an oath could not be considered a 'cure' for undocumented experiences.

In light of the recent Federal Circuit decisions in Zurko IV and In re Lee, an Examiner's Affidavit under 37 C.F.R. § 1.104(d)(2) cannot be considered substantial evidence of assertions which are not supported by concrete evidence in the record. Moreover, that rule never specified that such an affidavit was to be considered, standing alone, substantial evidence which may be used as a primary basis for rejection. Instead, the rule providing for affidavits of Examiners might be better analogized to Official Notice, which as described below, is properly used only to "supplement or clarify the teaching of a reference". In re Ahlert, 424 F.2d 1088 (C.C.P.A. 1969).

No evidence that the acts took place in the United States

The assertions in the Examiner's Declaration, even if true, do not constitute any form of prior art under any section of 35 U.S.C. § 102.

The statements in the Examiner's Declaration could only conceivable be prior art under

35 U.S.C. § 102(a) ("invention was known or used by others in this country"),

35 U.S.C. § 102(b) ("in public use or on sale in this country"), or

35 U.S.C. § 102(g)(2) ("the invention was made in this country by another inventor who had not abandoned, suppressed, or concealed it")

There is not even an allegation that any of the Examiner's personal experiences occurred "in the United States". For example, the references to Coca-Cola machines could easily have taken place in a number of jurisdictions, such as Canada.

Accordingly, there is no evidence in the record that any of the acts, even if true, were prior art under 35 U.S.C. § 102(a), (b) or (g)(2). Thus, no *prima facie* case of unpatentability has been made.

Questionable Memory

Further reasons for lack of substantial evidence relate to the particular fact of the Examiner's Declaration. The events asserted occurred in 1990, 13 years before the date the Examiner documented such memories. The accuracy of the Examiner's memory must be questioned.

The Supreme Court has repeatedly and unambiguously held that the accuracy of one's recollection must be questioned in light of the frailties of human memory. See, e.g., Woodland Trust v. Flowertree Nursery, 148 F.3d 1368, 1372 (Fed. Cir. 1998) (Oral evidence alone cannot be clear and convincing evidence because of "the frailty of memory of things long past and the temptation to remember facts favorable to the cause of one's relative or friend"); Eibel Process Co. v. Minnesota & Ontario Paper Co., 261 U.S. 45, 60 (1923) ("The temptation to remember in such cases and the ease with which honest witnesses can convince themselves after many years of having had a conception at the basis of a valuable patent, are well known in this branch of law"); Barbed Wire Patent Case, 143 U.S. 275, 284 (1892) (the "unsatisfactory character of testimony" arises from "the forgetfulness of witnesses, their liability to mistakes, their proneness to recollect things as the party calling them would have them recollect them, aside from the temptation to actual perjury"); In re Reuter, 670 F.2d 1015, 1021 (C.C.P.A. 1981) (A "ten-year lapse of time, due to the frailty of human memory, detracts from the credibility of the affiant."); Lockheed Aircraft Corp. v. United States, 553 F.2d 69, 75, 193 USPQ 449, 454 (Ct.Cl. 1977) (five to six years); Rex Chainbelt Inc. v. Borg-Warner Corp., 477 F.2d 481, 177 USPQ 549 (7th Cir. 1973) (eight years);

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Goodrich v. Harmsen, 58 CCPA 1144, 442 F.2d 377, 169 USPQ 553 (C.C.P.A. 1971) (nine years); Jones Knitting Corp. v. Morgan, 361 F.2d 451, 149 USPQ 659 (3rd Cir. 1966) (25 years).

Hindsight Was Necessarily Employed in the Declaration

Further, the accuracy of the Examiner's memory must also be questioned because the Examiner's Declaration was only created during the time of the First Office Action signed on July 14, 2003, which was 13 years after the year 1990 (the only date alluded to in the Examiner's Declaration). At that time, the Examiner had already read the Appellants' disclosure (in preparing the office action). It is extremely likely that the already dim, decade-old memories of the Examiner were influenced by a reading of Appellants' disclosure, and hindsight affected the Examiner's beliefs as to what actually transpired.

Affidavit Not Challengeable

Pursuant to 37 C.F.R. § 1.104(d)(2), an Examiner's affidavit must be "subject to contradiction or explanation by the affidavits of the applicant and other persons."

The need to allow contradiction or explanation presupposes that the assertions in such an affidavit are those which could in some way be countered or clarified by facts in another affidavit. It also presupposes that applicants would solicit such additional affidavits in response to receiving an affidavit of the examiner.

Clearly, this rule would cover situations involving, e.g., facts and truths which could be analyzed by an applicant subsequent to receiving the affidavit of the examiner, so that the applicant could then collect additional facts which "contradict or clarify" the examiner's affidavit. Such situations include assertions

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as to, e.g., the chemical properties of substances, mechanical characteristics of apparatus components, and electrical properties of circuits. Such situations involve facts which, if proven today, demonstrate that they were previously true as well. Thus they are subject to contradiction because a current investigation or explanation can demonstrate the veracity of the assertions, or lack thereof.

However, an assertion of a public use, especially one in which no additional parties are made available to the applicant and the alleged activity has ceased, is not contemplated by the rule. Patent applicants could not "challenge" a statement of a public use, especially one which was, of its face, not widespread or readily disseminated beyond an extremely small group, and one which does not name corroborating witnesses who are available.

The Examiner's Declaration refers to the Examiner only. This party is not available to the Appellants, and thus the Examiner's Declaration is not "subject to contradiction or explanation." The Examiner cannot be called upon by Appellants to testify or clarify his assertions under oath through the patent examination process. Appellants also cannot institute public use proceedings to inquire further of the Examiner. See, MPEP 720 ("Any member of the public other than the applicant ... may file a petition under 37 CFR 1.292.").

There is also no indication as to who else Appellants might question who might be able to contradict or deny the assertions in the Examiner's Declaration.

Accordingly, the Examiner's Declaration is not subject to contradiction or even investigation by Appellants, and thus contravenes the rule which provides for an affidavit of the Examiner.

An Unsupported Examiner's Affidavit Contravenes Public Use Procedures

The rules provide for public use proceedings when there is an allegation of public use or sale more than one year before the filing of the application. These

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rules provide procedural and substantive safeguards which are circumvented by allowing a patent examiner to allege public use via an affidavit alone during *ex parte* examination.

The Commissioner has the authority to declare a public use proceeding in which a patent application may be rejected as anticipated by a public use. 37 C.F.R. § 1.292. If such proceedings are instituted, the patent applicant must be afforded the opportunity to cross examine witnesses whose testimony is used in alleging a prior public use of the invention. 37 C.F.R. § 1.292(a); 37 C.F.R. § 1.671 - 1.685. Evidence must comply with the Federal Rules of Evidence. 37 C.F.R. § 1.671(b). Parties are allowed to, e.g., seek permission to compel testimony or the production of documents of things under 35 U.S.C. § 24 or from an opposing party. 37 C.F.R. § 1.671(g) - (h). Witnesses may be examined. 37 C.F.R. § 1.673 - 1.675.

Thus, these rules clarify the substantive and procedural burdens that must be met in invalidating an application based on evidence of public use or sale more than one year before the filing of the application.

None of these procedural safeguards are afforded to an applicant who is faced with an assertion of public use based solely on the assertions of a patent examiner. Appellants have no authority during *ex parte* examination to, e.g., cross examine the Examiner or compel the Examiner to clarify his assertions.

Appellants are also unable to institute public use proceedings. See, MPEP 720 ("Any member of the public other than the applicant ... may file a petition under 37 CFR 1.292.").

The Allegations Are Not Those of an Unbiased, Third Party

As discussed above, the Examiner provided the Examiner's Declaration only after reading Appellants' full disclosure. Thus, the assertions are of questionable

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accuracy due to hindsight reconstruction based on Appellants' disclosure. Further, the Examiner cannot be said to be completely unbiased because the Examiner has at least a partial (and possibly significant) interest in the ability to give an unchallengable rejection based on personal knowledge alone rather than based on a search of documented prior art.

Allowing Examiner Allegations of Prior Public Use Would Dramatically Change Examination

If an unsupported affidavit of an Examiner, alleging prior but currently discontinued public use of an invention, were allowed to constitute substantial evidence, *ex parte* examination would be dramatically altered and the requirement for substantial evidence support would be eviscerated. All examiners would have at least a partial interest in remembering facts, especially activities in their distant past, in a manner which more closely resembled the applicants' inventions, which were of course under review by those examiners and had already been studied by those examiners.

No New Testimony Allowed

Finally, Appellants note in passing that, if any new affidavit offers allegations different from the Examiner's Declaration, these new allegations would, at best, constitute a new rejection: facts not previously considered or relied upon by the Examiner in rejecting the claims. It would not be an affirmation of the rejection based on existing evidence in the record, since such new allegations were not previously in the record.

Other Subject Matter Without Support in the Record

Rejections of various claims were apparently based in part on numerous unsupported assertions of what was “well known” before the time of Appellants’ invention. These assertions are apparently offered as the Examiner’s belief as to what was well known in the U.S. prior to the date of invention by Appellants.

In response to the apparent use of these assertions as the basis for rejection of claims, Appellants requested references to support all the assertions that did not already have support in the references of record. See Appellants' Response, pages 8 - 9.

No evidence has been provided. Accordingly, these assertions remain unsupported by any substantial evidence of record.

1.5.5. No showing of a proper motivation to combine the references

The Examiner simply has not shown a motivation in the prior art of record to modify the assertions of the Examiner's Declaration in the manner suggested by the Examiner, or in any other manner that renders the claims obvious.

Applicable Law

Obviousness can only be established by combining or modifying the teachings of the prior art to produce the claimed invention where there is some teaching, suggestion, or motivation to do so found either in the references themselves or in the knowledge generally available to one of ordinary skill in the art. In re Fine, 5 USPQ2d 1596 (Fed. Cir. 1988); In re Jones, 21 USPQ2d 1941 (Fed. Cir. 1992). Furthermore, particular findings must be made as to the reason the skilled artisan, with no knowledge of the claimed invention, would have selected these components for combination in the manner claimed. In re Kotzab, 217 F.3d 1365, 1371, 55 U.S.P.Q.2d 1313, 1317 (Fed. Cir. 2000).

Even where the motivation is believed to be in the knowledge generally available to one of ordinary skill in the art, the "prior knowledge in the field of the invention must be supported by tangible teachings of reference materials".

Cardiac Pacemakers, Inc. v. St. Jude Med., Inc., 2004 U.S. App. LEXIS 18386 (Fed. Cir. 2004)

A finding of obviousness requires that the art contain something to suggest the desirability of the proposed combination. In re Grabiak, 769 F.2d 729, 732 (Fed. Cir. 1985). In the absence of such a showing, there is inadequate support for the position that the proposed modification would *prima facie* have been obvious.

Id. The absence of such a suggestion to combine is dispositive in an obviousness determination. Gambro Lundia AB v. Baxter Healthcare Corp., 110 F.3d 1573, 1579 (Fed. Cir. 1997).

When the art in question is relatively simple, the opportunity to judge by hindsight is particularly tempting. Consequently, the tests of whether to combine references need to be applied rigorously. McGinley v. Franklin Sports, Inc., 262 F.3d 1339, 1352 (Fed. Cir. 2001). In each case the factual inquiry whether to combine references must be thorough and searching. *Id.*, at 1352 - 53.

The Motivations Provided Are Unsupported by Any Evidence

The Examiner has proposed the four "motivations" to modify the assertions of the Examiner's Declaration. The first two are conclusory statements equivalent to the mere statement "the claims are obvious to those of skill in the art". The third is not even a motivation, but is instead an admission that claim limitations were deliberately ignored. The fourth fails for being unsupported by any evidence of record.

Appellants had previously requested support for these motivations. Appellants' Response, Page 9. No support or clarification was provided.

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The Examiner's motivations are:

- "it would have been obvious to claim the invention as recited by the applicant, in order to overcome the explicit teachings of examiner's personal experience discussed supra." (Final Office Action, pages 9 - 10)
- "It would have been obvious to those skilled in the art of promoting sales to use those terms [in the claims?] to seek patent protection." (Final Office Action, page 10)
- "Therefore it would have been obvious to a person of ordinary skill in the art at the time the invention was made to claim [a] vending machine, customer, and retail establishment having any type of content, because such data does not functionally relate to the steps in the method and system claimed and because the subjective interpretation of the data does not patentably distinguish the claimed invention." (Final Office Action, page 11)
- The "motivation to combine applicants['] claimed invention with the examiner's personal experience is to allow merchants greater consumer targeting capabilities, which clearly shows the obviousness of the claimed invention." (Final Office Action, pages 11 and 14-15)

The first motivation - "to overcome the explicit teachings of examiner's personal experience" - is merely a conclusory statement that it would have been obvious to "overcome" the prior art. There is no evidence in the record of what portion of the "prior art" must be overcome, nor why one of ordinary skill in the

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art would have desired to "overcome" the prior art, nor any directions or methods one of ordinary skill in the art would attempt to "overcome" the prior art.

The second motivation - "to seek patent protection" - is likewise a vacuous statement without any support in any prior art of record. If this were truly a motivation to modify the prior art in any manner, then any and all inventions would be rendered obvious. There is no evidence in the record of why one of ordinary skill in the art would have desired to "use those terms".

The third motivation - "because such data does not functionally relate to the steps in the method and system claimed and because the subjective interpretation of the data does not patentably distinguish the claimed invention" is, to the best of Appellants' understanding, not a motivation so much as an admission that the Examiner has ignored certain claim limitations. There is no authority to ignore limitations because they do not "functionally relate to the steps in the method and system claimed". Moreover, it is unclear precisely what "data" the Examiner believes to require "subjective interpretation".

The fourth motivation - "to allow merchants greater consumer targeting capabilities" fails for several reasons. Such a motivation (i) is not shown by any substantial evidence of record, and (ii) would not have prompted one to modify the "personal experiences" to yield any claim. Also, the assertion that the motivation is to "combine applicants['] claimed invention with the examiner's personal experience" is clearly an improper standard for obviousness.

Thus the Examiner has not shown a motivation in the prior art of record to modify or combine the references in any manner that renders the claims of the Group obvious.

1.6. No Double Patenting in Light of Tedesco '346

All claims are rejected for double-patenting in light of all claims of Tedesco '346. The entirety of the reasoning for this rejection is two statements, both of which exhibit completely erroneous legal standards:

"because the patented redemption request and inventory retrieval are obvious variations to the present application claims including selectively outputting an offer including triggers with response"

(Final Office Action, page 12)

"Although the conflicting claims are not identical, they are not patentably distinct from each other because the present application contains obvious variant recitations which are obvious variations of the patented invention features since both comparisons perform the same function, in the same way with the same result."

(Final Office Action, page 12)

Claims 1, 13, 15, 16, 21, 23, 24, 26, 28, 30, 32, 34 and 36 of Tedesco '346 are independent claims. The Examiner has not provided any indication of what limitations of the pending claims are considered different than the patented claims, much less any indication of why the pending claims would have been obvious in light of the prior art of record.

Any analysis employed in an obviousness-type double patenting rejection must parallel the guidelines for analysis of a 35 U.S.C. § 103 obviousness determination. See, e.g., MPEP 804(II)(B)(1). However, the requisite obviousness analysis was not applied.

1.6.1. One-Way Test Not Applied

None of the patents used in the double patenting rejection were filed after the filing date of the present application. Therefore, the "one-way test" is appropriate for all these patents. See, e.g., MPEP 804(II)(B)(1)(a).

This test is a determinant of whether the invention defined in a claim in the application is an obvious variation of the invention defined in a claim in the patent. See, e.g., MPEP 804(II)(B)(1)(a).

However, here the Examiner has asserted that "the patented redemption request and inventory retrieval are obvious variations to the present application claims". In other words, the Examiner has applied the reverse of the one-way test. For this reason, a *prima facie* showing of obvious-type double patenting has not been made.

1.6.2. The Specification May Not Be Used in a Double Patenting Rejection

The Examiner has impermissibly used the disclosure, not the claims, in the double patenting rejection, as seen from the Final Office Action, page 12:

"Although the conflicting claims are not identical, they are not patentably distinct from each other because the present application contains obvious variant recitations which are obvious variations of the patented invention features since both comparisons perform the same function, in the same way with the same result." (emphasis added)

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It appears from this statement that the rejection is based on a belief that the disclosure of the present application is somehow obvious in light of Tedesco '346.

However, the disclosure of the present application has nothing to do with a rejection for double patenting. Only the claims may be rejected if those claims are obvious in light of issued claims.

1.6.3. Function-Way-Result Test Applicable to Doctrine of Equivalents, Not Obviousness Rejections

In addition, the Examiner reasons that the variations are obvious "since both comparisons perform the same function, in the same way with the same result".

Final Office Action, page 12. Appellants are not able to ascertain what "comparisons" are recited in either the pending claims or the claims of the reference. The words "comparison", "compare" and "comparing" do not appear in any pending claim.

In addition, the "function, way, result" test is only appropriate to determining infringement under the doctrine of equivalents. That test has nothing to do with an obviousness determination under 35 U.S.C. § 103(a). Accordingly, the proper obviousness analysis was not applied, so no *prima facie* showing of obvious-type double patenting exists.

1.6.4. Claim Limitations Ignored

In addition, in determining the obviousness of a claim, all claim limitations must be considered. Each of the pending claims has been rejected in a single-sentence statement that all claims are obvious. The rejection ignores several limitations of the claims. Accordingly, a *prima facie* case has not been made.

For example, there is no mention of why the prior art would have motivated a modification of Tedesco '346 to include anything like:

a condition at a retail establishment

or

outputting an offer

much less any other specific limitations of independent claim 1 which involve such features. Since these limitations have been ignored, a *prima facie* showing of obviousness cannot have been demonstrated.

1.6.5. No Motivation to Modify the Patented Claims

The Examiner has not even alleged a motivation to modify any of the patented claims. The Final Office Action contains only the conclusory statement that certain features of the issued claims are an obvious variation of the pending claims (i.e. the reverse of the one-way test).

A motivation to modify must be a specific teaching or suggestion in the prior art of record to combine or modify the references of record. See Section 1.5.5 above, page 41.

1.7. No Double Patenting in Light of Tedesco '649

Like the rejection over Tedesco '346, discussed above in Sections 1.6 - 1.6.5, all claims are rejected for double-patenting in light of all claims of Tedesco '649 utilizing improper legal standards.

The entirety of the reasoning for this rejection is two statements, both of which exhibit completely erroneous legal standards:

"because the patented receiving a purchase request and customer question or promotion presentation steps are obvious variations to the present application claims including customer transaction request and performance determination steps"

(Final Office Action, page 12)

"Although the conflicting claims are not identical, they are not patentably distinct from each other because the present application contains obvious variant recitations which are obvious variations of the patented invention features since both comparisons perform the same function, in the same way with the same result."

(Office Action, page 12)

Claims 1, 3, 4, 21, 25, 26 - 34 and 37 of Tedesco '649 are independent claims. Again, the Examiner has not provided any indication of what limitations of the pending claims are considered different than the patented claims, much less any indication of why the pending claims would have been obvious in light of the prior art of record.

1.7.1. One-Way Test Not Applied

As described in Section 1.6.1 above, page 46, the one-way test of obviousness is required for this rejection, but was not applied. Instead, the Examiner applied the reverse of the one-way test.

Accordingly, the proper obviousness analysis was not applied, so no *prima facie* showing of obvious-type double patenting exists.

1.7.2. The Specification May Not Be Used in a Double Patenting Rejection

As described in Section 1.6.2 above, page 46, the disclosure of the present application is somehow obvious in light of Tedesco '649. However, the disclosure of the present application has nothing to do with a rejection for double patenting. Only the claims may be rejected if those claims are obvious in light of issued claims.

Accordingly, the proper obviousness analysis was not applied, so no *prima facie* showing of obvious-type double patenting exists.

1.7.3. Function-Way-Result Test Applicable to Doctrine of Equivalents, Not Obviousness Rejections

As described in Section 1.6.3 above, page 47, the "function, way, result" test has nothing to do with an obviousness determination under 35 U.S.C. § 103(a).

Accordingly, the proper obviousness analysis was not applied, so no *prima facie* showing of obvious-type double patenting exists.

1.7.4. Claim Limitations Ignored

In addition, in determining the obviousness of a claim, all claim limitations must be considered. Each of the pending claims has been rejected in a single-sentence statement that all claims are obvious. The rejection ignores several limitations of the claims. Accordingly, a *prima facie* case has not been made.

For example, there is no mention of why the prior art would have motivated a modification of Tedesco '649 to include anything like:

a condition at a retail establishment

or

based on the identified condition [at the retail establishment], outputting an offer

much less any other specific limitations of independent claim 1 which involve such features.

Since these limitations have been ignored, a *prima facie* showing of obviousness cannot have been demonstrated.

1.7.5. No Motivation to Modify the Patented Claims

As described in Section 1.6.5 above, page 48, the Examiner has not even alleged a motivation to modify any of the patented claims.

Accordingly, the proper obviousness analysis was not applied, so no *prima facie* showing of obvious-type double patenting exists.

1.8. No Double Patenting in Light of Walker

Like the rejection over Tedesco '346 and Tedesco '649, discussed above in Sections 1.6 - 1.6.5 and 1.7 - 1.7.5 respectively, all claims are rejected for double-patenting in light of all claims of Walker utilizing improper legal standards.

The entirety of the reasoning for this rejection is two statements, both of which exhibit completely erroneous legal standards:

"because the patented purchaser selection receiving and product offering are an obvious variation to the present application claims including customer transaction request and customer offer outputting"

(Final Office Action, page 12)

"Although the conflicting claims are not identical, they are not patentably distinct from each other because the present application contains obvious variant recitations which are obvious variations of the patented invention features since both comparisons perform the same function, in the same way with the same result."

(Office Action, page 12)

Claims 1, 3, 4, 7 - 9, 11, 21, 23, 25, 37, and 46 - 48 of Walker are independent claims. Again, the Examiner has not provided any indication of what limitations of the pending claims are considered different than the patented claims, much less any indication of why the pending claims would have been obvious in light of the prior art of record.

1.8.1. One-Way Test Not Applied

As described in Section 1.6.1 above, page 46, the one-way test of obviousness is required for this rejection, but was not applied. Instead, the Examiner applied the reverse of the one-way test.

Accordingly, the proper obviousness analysis was not applied, so no *prima facie* showing of obvious-type double patenting exists.

1.8.2. The Specification May Not Be Used in a Double Patenting Rejection

As described in Section 1.6.2 above, page 46, the disclosure of the present application is somehow obvious in light of Walker. However, the disclosure of the present application has nothing to do with a rejection for double patenting. Only the claims may be rejected if those claims are obvious in light of issued claims.

Accordingly, the proper obviousness analysis was not applied, so no *prima facie* showing of obvious-type double patenting exists.

1.8.3. Function-Way-Result Test Applicable to Doctrine of Equivalents, Not Obviousness Rejections

As described in Section 1.6.3 above, page 47, the "function, way, result" test has nothing to do with an obviousness determination under 35 U.S.C. § 103(a).

Accordingly, the proper obviousness analysis was not applied, so no *prima facie* showing of obvious-type double patenting exists.

1.8.4. Claim Limitations Ignored

In addition, in determining the obviousness of a claim, all claim limitations must be considered. Each of the pending claims has been rejected in a single-sentence statement that all claims are obvious. The rejection ignores several limitations of the claims. Accordingly, a *prima facie* case has not been made.

For example, there is no mention of why the prior art would have motivated a modification of Walker to include anything like:

a condition at a retail establishment

or

based on the identified condition [at the retail establishment], outputting an offer

much less any other specific limitations of independent claim 1 which involve such features.

Since these limitations have been ignored, a *prima facie* showing of obviousness cannot have been demonstrated.

1.8.5. No Motivation to Modify the Patented Claims

As described in Section 1.6.5 above, page 48, the Examiner has not even alleged a motivation to modify any of the patented claims.

Accordingly, the proper obviousness analysis was not applied, so no *prima facie* showing of obvious-type double patenting exists.

SEPARATE ARGUMENT OF PATENTABILITY

2. Group II

Group II includes:

dependent claim 2, which depends on independent claim 1 (Group I).

Accordingly, the claims of this Group are patentable at least for the reasons discussed above with respect to Group I.

In addition, the claims of this Group are separately patentable for the reasons presented below.

2.1. Advantages of the Claim Limitations

The embodiments of the claims of this Group provides several advantages not even recognized, much less disclosed or suggested, by the prior art of record, either alone or in combination. These advantages render the claimed subject matter nonobvious over the cited art.

By outputting to the customer a coupon to be redeemed at the retail establishment, the customer can be directed to the retail establishment, resulting in, among other things, revenue the retail establishment might not otherwise have received.

Further, because vending machine do not allow such "directing" of customers to retail establishments, the coupons can be targeted at an audience that does not currently receive such coupons.

A great many more advantageous and diverse uses of the claimed invention, both explicit and implicit in the present Application, are possible and would be apparent to those of skill in the art based on the Appellants' disclosure.

2.2. The Obviousness Rejection Ignored Claim Limitations

The limitations of the claims of this Group were summarily dismissed in the following manner:

"The claimed steps of coupon redemption including code, sales frequency, service queue, inventory and stock, identified condition, human or automatic signal transmission, and remote controller or vending machine location are considered equivalent to old and well known steps use [sic] by the examiner in dealing with soft drink machine purchases and machine refilling."

(Final Office Action, page 9) (emphasis added)

In other words, the conclusory statement above is nothing but an offhand dismissal of the limitations of the several claims, including the claims of this Group. No specific facts are alleged as to what exactly occurred in the prior art.

This statement is merely a conclusory statement that numerous claim limitations are "equivalent" to unmentioned steps the Examiner allegedly used "in dealing with soft drink machine purchases and machine refilling".

Clearly, no facts are even alleged which would permit a conclusion that the claims of this group were rendered obvious by actions performed by the Examiner.

2.3. Broadest Reasonable Interpretation of the Claims Not Stated

The interpretation of the claims of the Group are nowhere stated. Thus, any specific interpretation of the claims advanced after this point would raise an issue which Appellants had no previous opportunity to address. Accordingly, any advancement of an interpretation of the claims of this Group would mandate, at best, a new basis of rejection, not an affirmance of the present rejection.

SEPARATE ARGUMENT OF PATENTABILITY

3. Group III

Group III includes:

dependent claim 3, which depends on independent claim 1 (Group I).

Accordingly, the claims of this Group are patentable at least for the reasons discussed above with respect to Group I.

In addition, the claims of this Group are separately patentable for the reasons presented below.

3.1. Advantages of the Claim Limitations

The embodiments of the claims of this Group provides several advantages not even recognized, much less disclosed or suggested, by the prior art of record, either alone or in combination. These advantages render the claimed subject matter nonobvious over the cited art.

By *outputting to the customer a redemption code*, the customer can be directed to a place where the code may be redeemed (e.g., a retail establishment, back to the vending machine). This can result in, among other things, revenue that, e.g., the retail establishment, might not otherwise have received.

Further, because vending machine do not allow such "directing" of customers to retail establishments or other locations, the coupons can be targeted at an audience that does not currently receive such coupons.

A great many more advantageous and diverse uses of the claimed invention, both explicit and implicit in the present Application, are possible and would be apparent to those of skill in the art based on the Appellants' disclosure.

GROUP III

3.2. The Obviousness Rejection Ignored Claim Limitations

The limitations of the claims of this Group were summarily dismissed in the following manner:

"The claimed steps of coupon redemption including code, sales frequency, service queue, inventory and stock, identified condition, human or automatic signal transmission, and remote controller or vending machine location are considered equivalent to old and well known steps use [sic] by the examiner in dealing with soft drink machine purchases and machine refilling."

(Final Office Action, page 9) (emphasis added)

In other words, the conclusory statement above is nothing but an offhand dismissal of the limitations of the several claims, including the claims of this Group. No specific facts are alleged as to what exactly occurred in the prior art.

This statement is merely a conclusory statement that numerous claim limitations are "equivalent" to unmentioned steps the Examiner allegedly used "in dealing with soft drink machine purchases and machine refilling".

Clearly, no facts are even alleged which would permit a conclusion that the claims of this group were rendered obvious by actions performed by the Examiner.

3.3. Broadest Reasonable Interpretation of the Claims Not Stated

The interpretation of the claims of the Group are nowhere stated. Thus, any specific interpretation of the claims advanced after this point would raise an issue which Appellants had no previous opportunity to address. Accordingly, any advancement of an interpretation of the claims of this Group would mandate, at best, a new basis of rejection, not an affirmation of the present rejection.

GROUP III

SEPARATE ARGUMENT OF PATENTABILITY

4. Group IV

Group IV includes:

dependent claims 4 - 7, which each depend on independent claim 1 (Group I).

Accordingly, the claims of this Group are patentable at least for the reasons discussed above with respect to Group I.

In addition, the claims of this Group are separately patentable for the reasons presented below.

4.1. Advantages of the Claim Limitations

The embodiments of the claims of this Group provides several advantages not even recognized, much less disclosed or suggested, by the prior art of record, either alone or in combination. These advantages render the claimed subject matter nonobvious over the cited art.

Each claim of this Group recites a certain *condition at a retail establishment*, and that condition (through dependence on claim 1) is used as the basis for *outputting an offer to the customer*.

By *outputting an offer to the customer based on* a specific condition, that condition can be used to more efficiently determine the *outputting of offers*, e.g., in a manner more profitable or advantageous for the retail establishment at a particular time.

A great many more advantageous and diverse uses of the claimed invention, both explicit and implicit in the present Application, are possible and would be apparent to those of skill in the art based on the Appellants' disclosure.

GROUP IV

4.2. The Obviousness Rejection Ignored Claim Limitations

The limitations of the claims of this Group were summarily dismissed in the following manner:

"The claimed steps of coupon redemption including code, sales frequency, service queue, inventory and stock, identified condition, human or automatic signal transmission, and remote controller or vending machine location are considered equivalent to old and well known steps use [sic] by the examiner in dealing with soft drink machine purchases and machine refilling."

(Final Office Action, page 9) (emphasis added)

In other words, the conclusory statement above is nothing but an offhand dismissal of the limitations of the several claims, including the claims of this Group. No specific facts are alleged as to what exactly occurred in the prior art.

This statement is merely a conclusory statement that numerous claim limitations are "equivalent" to unmentioned steps the Examiner allegedly used "in dealing with soft drink machine purchases and machine refilling".

Clearly, no facts are even alleged which would permit a conclusion that the claims of this group were rendered obvious by actions performed by the Examiner.

4.3. Broadest Reasonable Interpretation of the Claims Not Stated

The interpretation of the claims of the Group are nowhere stated. Thus, any specific interpretation of the claims advanced after this point would raise an issue which Appellants had no previous opportunity to address. Accordingly, any advancement of an interpretation of the claims of this Group would mandate, at best, a new basis of rejection, not an affirmation of the present rejection.

GROUP IV

SEPARATE ARGUMENT OF PATENTABILITY

5. Group V

Group V includes:

independent claim 13

dependent claims 14 - 16 which depend from claim 13

5.1. Advantages of the Claim Limitations

The embodiments of the claims of this Group provides several advantages not even recognized, much less disclosed or suggested, by the prior art of record, either alone or in combination. These advantages render the claimed subject matter nonobvious over the cited art.

By *outputting an offer if the requested transaction cannot be performed by the vending machine*, then the offer can be a means of ameliorating what would otherwise be an annoying incident for the customer - the inability to have a desired transaction performed (e.g., a certain product is out of stock).

In addition, by *outputting an offer if the requested transaction cannot be performed by the vending machine*, the demand of the customer can be, in some embodiments, utilized and / or rechanneled through an appropriate offer, as described in the Present Application.

A great many more advantageous and diverse uses of the claimed invention, both explicit and implicit in the present Application, are possible and would be apparent to those of skill in the art based on the Appellants' disclosure.

5.2. The Claims Recite Statutory Subject Matter

As discussed Section 1.3 above, page 8, all claims recite statutory subject matter.

GROUP V

5.3. Groover Does Not Anticipate the Claims

The entirety of the anticipation rejection over Groover is one sentence:

"Claims 13-16 are rejected under 35 U.S.C. 102(b) as being clearly anticipated by Groover et al. (US 4,717,043)."

Final Office Action, page 6.

Simply put, Groover neither anticipates nor renders obvious the claims. For example, as understood by Appellants, Groover lacks any hint or suggestion of

determining whether the requested transaction can be performed by the vending machine

much less

doing anything if it is determined that the requested transaction cannot be performed

much less

if it is determined that the requested transaction cannot be performed by the vending machine, outputting an offer to the customer in response to the received request.

As understood by Appellants, Groover has nothing to do with a *whether the requested transaction can be performed by the vending machine.*

5.4. The Obviousness Rejection Ignored Claim Limitations

The obviousness rejection of all claims is improper, as discussed in Section 1.5 above, page 24.

The limitations of the claims of this Group were summarily dismissed in the following manner:

"The claimed receiving a request for a transaction from a customer at the vending machine optionally including customer proximity and based on the identified condition or trigger signal if the transaction can be performed, outputting to the customer in response or offer to the received request are considered equivalent to coinage insertion into a soft drink dispensing machine associated with a promoter of Cocoa-Cola."

(Final Office Action, pages 8 - 9) (emphasis added)

As best as Appellants understand this statement, it is an assertion that certain claims (which recite "if the transaction can be performed") are anticipated by the Examiner inserting coin into a soft drink dispensing machine.

Clearly, inserting a coin into a machine has nothing to do with the claimed limitations of:

determining whether the requested transaction can be performed by the vending machine

much less

doing anything if it is determined that the requested transaction cannot be performed

GROUP V

much less

if it is determined that the requested transaction cannot be performed by the vending machine, outputting an offer to the customer in response to the received request.

Clearly, no facts are even alleged which would permit a conclusion that the claims of this group were rendered obvious by actions performed by the Examiner.

5.5. Broadest Reasonable Interpretation of the Claims Not Stated

The interpretation of the claims of the Group are nowhere stated. Thus, any specific interpretation of the claims advanced after this point would raise an issue which Appellants had no previous opportunity to address. Accordingly, any advancement of an interpretation of the claims of this Group would mandate, at best, a new basis of rejection, not an affirmance of the present rejection.

5.6. No Double Patenting in Light of Tedesco '346

As discussed in Section 1.6 above, page 45, the double patenting rejection of all claims in light of Tedesco '346 is improper.

For example, there is no mention of why the prior art would have motivated a modification of Tedesco '346 to include anything like:

determining whether a requested transaction can be performed by the vending machine

or

GROUP V

outputting an offer

much less any other specific limitations of independent claim **13** which involve such features. Since these limitations have been ignored, a *prima facie* showing of obviousness cannot have been demonstrated.

5.7. No Double Patenting in Light of Tedesco '649

As discussed in Section 1.7 above, page 48, the double patenting rejection of all claims in light of Tedesco '649 is improper.

For example, there is no mention of why the prior art would have motivated a modification of Tedesco '649 to include anything like:

determining whether a requested transaction can be performed by the vending machine

or

outputting an offer

much less any other specific limitations of independent claim **13** which involve such features. Since these limitations have been ignored, a *prima facie* showing of obviousness cannot have been demonstrated.

5.8. No Double Patenting in Light of Walker

As discussed in Section 1.8 above, page 51, the double patenting rejection of all claims in light of Walker is improper.

GROUP V

For example, there is no mention of why the prior art would have motivated a modification of Walker to include anything like:

determining whether a requested transaction can be performed by the vending machine

or

outputting an offer

much less any other specific limitations of independent claim 13 which involve such features. Since these limitations have been ignored, a *prima facie* showing of obviousness cannot have been demonstrated.

SEPARATE ARGUMENT OF PATENTABILITY

6. Group VI

Group VI includes:

independent claim 17

dependent claims 18 - 22 which depend from claim 17

6.1. Advantages of the Claim Limitations

The embodiments of the claims of this Group provides several advantages not even recognized, much less disclosed or suggested, by the prior art of record, either alone or in combination. These advantages render the claimed subject matter nonobvious over the cited art.

Because the claimed method includes *outputting an offer to the customer in response to a received trigger signal [in response to a condition at a retail establishment]*, an offer which is appealingly related to a retail establishment may be output. For example, upon an identified condition (e.g., not many people in line) at the retail establishment, an offer may direct the customer to the retail establishment (e.g., where she receives a discount on a product).

A great many more advantageous and diverse uses of the claimed invention, both explicit and implicit in the present Application, are possible and would be apparent to those of skill in the art based on the Appellants' disclosure.

6.2. The Claims Recite Statutory Subject Matter

As discussed Section 1.3 above, page 8, all claims recite statutory subject matter.

6.3. Cragun Does Not Anticipate the Claims

GROUP VI

The entirety of the anticipation rejection over Cragun is one sentence:

"Claims 17-22 are rejected under 35 U.S.C. 102(b) as being clearly anticipated by Cragun et al. (US 5,504,675)."

Final Office Action, page 6.

Simply put, Cragun neither anticipates nor renders obvious the claims. For example, as understood by Appellants, Cragun lacks any hint or suggestion of

identifying a condition at a retail establishment

As understood by Appellants, Cragun has nothing to do with a *condition at a retail establishment*.

Cragun also lacks any hint or suggestion of
outputting an offer to the customer in response to the received request

much less

based on the identified condition [at a retail establishment], outputting an offer to the customer in response to the received request

As understood by Appellants, Cragun has nothing to do with any *offer*.

6.4. The Obviousness Rejection Ignored Claim Limitations

The obviousness rejection of all claims is improper, as discussed in Section 1.5 above, page 24.

In particular, by analogy to the discussion in Section 1.5.3 above, page 27, there is no showing that the references suggest *in response to the trigger signal*

*[which is in response to a determined condition at a retail establishment],
outputting an offer to a customer at the vending machine.*

The limitations of the claims of this Group were summarily dismissed in the following manner:

"The claimed receiving a request for a transaction from a customer at the vending machine optionally including customer proximity and based on the identified condition or trigger signal if the transaction can be performed, outputting to the customer in response or offer to the received request are considered equivalent to coinage insertion into a soft drink dispensing machine associated with a promoter of Cocoa-Cola."

(Final Office Action, pages 8 - 9) (emphasis added)

As best as Appellants understand this statement, it is an assertion that certain claims are anticipated by the Examiner inserting coin into a soft drink dispensing machine.

Clearly, inserting a coin into a machine has nothing to do with the claimed limitations of:

in response to the trigger signal [which is in response to a determined condition at a retail establishment], outputting an offer to a customer at the vending machine

Clearly, no facts are even alleged which would permit a conclusion that the claims of this group were rendered obvious by actions performed by the Examiner.

6.5. Broadest Reasonable Interpretation of the Claims Not Stated

GROUP VI

The interpretation of the claims of the Group are nowhere stated. Thus, any specific interpretation of the claims advanced after this point would raise an issue which Appellants had no previous opportunity to address. Accordingly, any advancement of an interpretation of the claims of this Group would mandate, at best, a new basis of rejection, not an affirmance of the present rejection.

6.6. No Double Patenting in Light of Tedesco '346

As discussed in Section 1.6 above, page 45, the double patenting rejection of all claims in light of Tedesco '346 is improper.

For example, there is no mention of why the prior art would have motivated a modification of Tedesco '346 to include anything like:

determining a condition at a retail establishment

or

outputting an offer

much less any other specific limitations of independent claim 17 which involve such features. Since these limitations have been ignored, a *prima facie* showing of obviousness cannot have been demonstrated.

6.7. No Double Patenting in Light of Tedesco '649

As discussed in Section 1.7 above, page 48, the double patenting rejection of all claims in light of Tedesco '649 is improper.

For example, there is no mention of why the prior art would have motivated a modification of Tedesco '649 to include anything like:

GROUP VI

determining a condition at a retail establishment

or

outputting an offer

much less any other specific limitations of independent claim **17** which involve such features. Since these limitations have been ignored, a *prima facie* showing of obviousness cannot have been demonstrated.

6.8. No Double Patenting in Light of Walker

As discussed in Section 1.8 above, page 51, the double patenting rejection of all claims in light of Walker is improper.

For example, there is no mention of why the prior art would have motivated a modification of Walker to include anything like:

determining a condition at a retail establishment

or

outputting an offer

much less any other specific limitations of independent claim **17** which involve such features. Since these limitations have been ignored, a *prima facie* showing of obviousness cannot have been demonstrated.

SEPARATE ARGUMENT OF PATENTABILITY

7. Group VII

Group VII includes:

independent claim 23

dependent claims 24 - 26 which depend from claim 23

7.1. Advantages of the Claim Limitations

The embodiments of the claims of this Group provides several advantages not even recognized, much less disclosed or suggested, by the prior art of record, either alone or in combination. These advantages render the claimed subject matter nonobvious over the cited art.

Because the claimed system includes *communication means for allowing data communication between a detection means [located at a retail establishment] and an offer means [of a vending machine]*, novel and advantageous collaboration between a vending machine and a retail establishment can be effectuated in numerous ways, as described in the Present Application.

A great many more advantageous and diverse uses of the claimed invention, both explicit and implicit in the Present Application, are possible and would be apparent to those of skill in the art based on the Appellants' disclosure.

7.2. The Claims Recite Statutory Subject Matter

As discussed Section 1.3 above, page 8, all claims recite statutory subject matter.

7.3. Helbing Does Not Anticipate the Claims

The entirety of the anticipation rejection over Helbing is one sentence:

GROUP VII

"Claims 23-26 are rejected under 35 U.S.C. 102(b) as being clearly anticipated by Helbing et al. (US 5,546,303)."

Final Office Action, page 6.

Simply put, Helbing neither anticipates nor renders obvious the claims. For example, as understood by Appellants, Helbing lacks any hint or suggestion of

a means located at a retail establishment for detecting a condition at the retail establishment

As understood by Appellants, Helbing has nothing to do with a *condition at a retail establishment*.

Helbing also lacks any hint or suggestion of
offer means [of a vending machine] for selectively outputting an offer

As understood by Appellants, Helbing has nothing to do with any *offer*.

7.4. The Obviousness Rejection Ignored Claim Limitations

The obviousness rejection of all claims is improper, as discussed in Section 1.5 above, page 24.

In particular, by analogy to the discussion in Section 1.5.3 above, page 27, there is no showing that the references suggest any *offer means [of a vending machine] for selectively outputting an offer* nor any *means located at a retail establishment for detecting a condition at the retail establishment*.

The limitations of the claims of this Group were summarily dismissed in the following manner:

"The claimed communication means for allowing data communication between said detection means and said offer means optionally including offer means outputting an offer in response to the trigger signal is considered equivalent to either the soft drink purchaser or an examiner machine refiller communicating transactionally with the soft drink machine."

(Final Office Action, page 9) (emphasis added)

As best as Appellants understand this statement, it is an assertion that certain claims are anticipated by something or someone "communicating transactionally with the soft drink machine".

Appellants are at a loss to explain what this statement might mean. It certainly does not constitute specific and credible facts sufficient to render the claims of this Group obvious.

Clearly, someone or something "communicatng transactionally" in some type of conventional manner has nothing to do with the claimed limitations of:
a communication means for allowing data communication between a detection means [located at a retail establishment] and an offer means [of a vending machine],

Clearly, no facts are even alleged which would permit a conclusion that the claims of this group were rendered obvious by actions performed by the Examiner.

7.5. Broadest Reasonable Interpretation of the Claims Not Stated

The interpretation of the claims of the Group are nowhere stated. Thus, any specific interpretation of the claims advanced after this point would raise an issue which Appellants had no previous opportunity to address. Accordingly, any advancement of an interpretation of the claims of this Group would mandate, at best, a new basis of rejection, not an affirmance of the present rejection.

7.6. No Double Patenting in Light of Tedesco '346

As discussed in Section 1.6 above, page 45, the double patenting rejection of all claims in light of Tedesco '346 is improper.

For example, there is no mention of why the prior art would have motivated a modification of Tedesco '346 to include anything like:

detection means located at a retail establishment for detecting a condition at the retail establishment

or

offer means for selectively outputting an offer

much less any other specific limitations of independent claim 23 which involve such features. Since these limitations have been ignored, a *prima facie* showing of obviousness cannot have been demonstrated.

7.7. No Double Patenting in Light of Tedesco '649

As discussed in Section 1.7 above, page 48, the double patenting rejection of all claims in light of Tedesco '649 is improper.

For example, there is no mention of why the prior art would have motivated a modification of Tedesco '649 to include anything like:

detection means located at a retail establishment for detecting a condition at the retail establishment

or

offer means for selectively outputting an offer

much less any other specific limitations of independent claim **23** which involve such features. Since these limitations have been ignored, a *prima facie* showing of obviousness cannot have been demonstrated.

7.8. No Double Patenting in Light of Walker

As discussed in Section 1.8 above, page 51, the double patenting rejection of all claims in light of Walker is improper.

For example, there is no mention of why the prior art would have motivated a modification of Walker to include anything like:

detection means located at a retail establishment for detecting a condition at the retail establishment

or

offer means for selectively outputting an offer

much less any other specific limitations of independent claim 23 which involve such features. Since these limitations have been ignored, a *prima facie* showing of obviousness cannot have been demonstrated.

SEPARATE ARGUMENT OF PATENTABILITY

8. Group VIII

Group VIII includes:

independent claim 27

8.1. Advantages of the Claim Limitations

The embodiments of the claims of this Group provides several advantages not even recognized, much less disclosed or suggested, by the prior art of record, either alone or in combination. These advantages render the claimed subject matter nonobvious over the cited art.

Because the claimed system includes *transmission means for transmitting the trigger signal from a retail establishment to a vending machine*, novel and advantageous collaboration between a vending machine and a retail establishment can be effectuated in numerous ways, as described in the Present Application.

A great many more advantageous and diverse uses of the claimed invention, both explicit and implicit in the Present Application, are possible and would be apparent to those of skill in the art based on the Appellants' disclosure.

8.2. The Claims Recite Statutory Subject Matter

As discussed Section 1.3 above, page 8, all claims recite statutory subject matter.

8.3. Molbak Does Not Anticipate the Claims

The entirety of the anticipation rejection over Molbak is one sentence:

"Claim 27 is rejected under 35 U.S.C. 102(b) as being clearly anticipated by Molbak (US 5,620,079)."

Final Office Action, page 7.

Simply put, Molbak neither anticipates nor renders obvious the claims. For example, as understood by Appellants, Molbak lacks any hint or suggestion of

trigger means for generating a trigger signal at a retail establishment

As understood by Appellants, Molbak has nothing to do with a *trigger signal at a retail establishment*.

Molbak also lacks any hint or suggestion of
offer means being responsive to a trigger signal

As understood by Appellants, Molbak has nothing to do with any *offer*.

8.4. The Obviousness Rejection Ignored Claim Limitations

The obviousness rejection of all claims is improper, as discussed in Section 1.5 above, page 24.

In particular, by analogy to the discussion in Section 1.5.3 above, page 27, there is no showing that the references suggest any *offer means* nor any *trigger means for generating a trigger signal at a retail establishment*.

The limitations of the claims of this Group were summarily dismissed in the following manner:

"The claimed communication means for allowing data communication between said detection means and said offer means optionally including

GROUP VIII

offer means ~~outputting an offer in response to the trigger signal~~ is considered equivalent to either the soft drink purchaser or an examiner machine refiller communicating transactionally with the soft drink machine."

(Final Office Action, page 9) (emphasis added)

As best as Appellants understand this statement, it is an assertion that certain claims are anticipated by something or someone "communicating transactionally with the soft drink machine".

Appellants are at a loss to explain what this statement might mean. It certainly does not constitute specific and credible facts sufficient to render the claims of this Group obvious.

Clearly, someone or something "communicatng transactionally" in some type of conventional manner has nothing to do with the claimed limitations of:

trigger means for generating a trigger signal at a retail establishment

or

offer means being responsive to said trigger signal

Clearly, no facts are even alleged which would permit a conclusion that the claims of this group were rendered obvious by actions performed by the Examiner.

8.5. Broadest Reasonable Interpretation of the Claims Not Stated

The interpretation of the claims of the Group are nowhere stated. Thus, any specific interpretation of the claims advanced after this point would raise an issue

which Appellants had no previous opportunity to address. Accordingly, any advancement of an interpretation of the claims of this Group would mandate, at best, a new basis of rejection, not an affirmance of the present rejection.

8.6. No Double Patenting in Light of Tedesco '346

As discussed in Section 1.6 above, page 45, the double patenting rejection of all claims in light of Tedesco '346 is improper.

For example, there is no mention of why the prior art would have motivated a modification of Tedesco '346 to include anything like:

trigger means for generating a trigger signal at a retail establishment

or

offer means being responsive to said trigger signal

much less any other specific limitations of independent claim **27** which involve such features. Since these limitations have been ignored, a *prima facie* showing of obviousness cannot have been demonstrated.

8.7. No Double Patenting in Light of Tedesco '649

As discussed in Section 1.7 above, page 48, the double patenting rejection of all claims in light of Tedesco '649 is improper.

For example, there is no mention of why the prior art would have motivated a modification of Tedesco '649 to include anything like:

trigger means for generating a trigger signal at a retail establishment

GROUP VIII

or

offer means being responsive to said trigger signal

much less any other specific limitations of independent claim **27** which involve such features. Since these limitations have been ignored, a *prima facie* showing of obviousness cannot have been demonstrated.

8.8. No Double Patenting in Light of Walker

As discussed in Section 1.8 above, page 51, the double patenting rejection of all claims in light of Walker is improper.

For example, there is no mention of why the prior art would have motivated a modification of Walker to include anything like:

trigger means for generating a trigger signal at a retail establishment

or

offer means being responsive to said trigger signal

much less any other specific limitations of independent claim **27** which involve such features. Since these limitations have been ignored, a *prima facie* showing of obviousness cannot have been demonstrated.

CONCLUSION

As discussed above, no *prima facie* case of unpatentability has been made.

If any issues remain, or if there are any further suggestions for expediting allowance of the present application, please contact Dean Alderucci using the information provided below.

Respectfully submitted,

September 7, 2004

Date



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APPENDIX A: CLEAN COPY OF CLAIMS INVOLVED IN THE APPEAL

Claims 1 - 28 are pending in the present application.

Claims 1, 13, 17, 23, 27 and 28 are independent.

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GROUP 3600

1. A method of operating a vending machine, comprising:

receiving a request for a transaction from a customer at the vending machine;

identifying a condition at a retail establishment; and

based on the identified condition, outputting an offer to the customer in response to the received request.
2. The method of claim 1, wherein the outputted offer includes a coupon to be redeemed at the retail establishment.
3. The method of claim 1, wherein the outputted offer includes a redemption code.
4. The method of claim 1, wherein the condition is a frequency of sales transactions at the retail establishment.

5. The method of claim 1, wherein the condition is a state of a service queue at the retail establishment.
6. The method of claim 1, wherein the condition relates to a state of inventory at the retail establishment.
7. The method of claim 6, wherein the condition relates to whether a particular product is in stock at the retail establishment.
8. The method of claim 1, further comprising transmitting a signal from the retail establishment to indicate the identified condition.
9. The method of claim 1, wherein the request is for dispensing a product from the vending machine.
10. The method of claim 1, further comprising the step of storing at the vending machine data representative of the offer.
11. The method of claim 1, further comprising the step of selecting the offer from among a plurality of offers.

APPENDIX A: CLEAN COPY OF CLAIMS

12. The method of claim 11, wherein the selecting step includes generating a selection signal at the retail establishment.

13. A method of operating a vending machine, comprising:

receiving a request for a transaction from a customer at the vending machine;

determining whether the requested transaction can be performed by the vending machine; and

if it is determined that the requested transaction cannot be performed by the vending machine, outputting an offer to the customer in response to the received request.

14. The method of claim 13, wherein the outputted offer is a coupon to be redeemed at a retail establishment.

15. The method of claim 13, wherein the offer is outputted only when a predetermined condition is identified at a retail establishment.

16. The method of claim 13, wherein the determining step includes determining whether the vending machine is out of stock of an item requested in the request for a transaction.
17. A method of operating a vending machine, comprising:
determining a condition at a retail establishment;
in response to the determined condition, transmitting a trigger signal to the vending machine; and
in response to the trigger signal, outputting an offer to a customer at the vending machine.
18. The method of claim 17, wherein the offer is outputted upon the customer requesting a transaction at the vending machine.
19. The method of claim 17, wherein the trigger signal is transmitted by a human operator.
20. The method of claim 17, wherein the trigger signal is generated and transmitted automatically.

21. The method of claim 17, wherein the trigger signal is transmitted directly from the retail establishment to the vending machine.
22. The method of claim 17, wherein the trigger signal is transmitted from the retail establishment to the vending machine by way of a controller located remotely from the retail establishment.
23. A system for selectively causing a vending machine to output offers, the system comprising:
- a vending machine including offer means for selectively outputting an offer;
 - detection means located at a retail establishment for detecting a condition at the retail establishment; and
 - communication means for allowing data communication between said detection means and said offer means.
24. The system of claim 23, wherein said communication means includes a controller connected for data communication with said detection means and said offer means.

25. The system of claim 23, wherein said vending machine is installed outside said retail establishment.

26. The system of claim 25, wherein said vending machine is located remotely from said retail establishment.

27. A system for selectively causing a vending machine to output offers, the system comprising:

a vending machine including offer means for selectively outputting an offer;
trigger means for generating a trigger signal at a retail establishment; and
transmission means for transmitting the trigger signal from said retail establishment to said vending machine;

said offer means being responsive to said trigger signal by outputting an offer upon the vending machine receiving a transaction request.

28. A method of operating a vending machine, comprising:

detecting a customer in proximity to the vending machine;
identifying a condition at a retail establishment; and
based on the identified condition, outputting an offer to the detected customer.

APPENDIX B: CHART SHOWING CLAIM DEPENDENCIES

Claims 1 - 28 are pending in the present application.

Claims 1, 13, 17, 23, 27 and 28 are independent.

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APPENDIX B: CHART SHOWING CLAIM DEPENDENCIES

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